

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE****Asset Management & Compliance Section**

1800 Third Street, Suite 390
Box 952054
San Francisco, CA 94125-2054
(916) 322-1560
FAX (916) 324-3246



November 10, 2009

Thomas Knight
Beacon Property Management
10300 4th Street, Suite 260
Rancho Cucamonga, CA 91730

**RE: Rental Housing Construction Program (RHCP)
Mentone Clusters
Contract # 80-RHC-004
Monitoring Visit Report**

Dear Mr. Knight:

On October 29th, 2009, Doug Stebing and I met with you to conduct the on-site monitoring of Mentone Clusters, located at 1232 Crafton Avenue, Mentone, CA. The purpose of the visit was to assess Mentone Clusters' implementation and administration of its RHCP-funded project and to determine whether the requirements for ongoing management of the project are being met. This letter, with Monitoring Report enclosed, summarizes Findings, if any, and required corrective action along with Concerns. The review is based upon documents that have been submitted to our office, and the on-site visit.

A "Finding" is a deficiency based upon a program requirement for which a default may be declared if left uncured. As a result of the monitoring review, it was determined that there were no Findings and five (5) Concerns. The project is required to submit a written response to the Concerns identified within 30 days of the date of this letter.

Thank you for the assistance provided to me during the monitoring visit. We wish you continued success in affordable housing endeavors. If you have any questions, please contact me at (916) 327-8110, or email to mluchessi@hcd.ca.gov.

Sincerely,

Michael Luchessi
Asset Management Representative

Cc: Janice Tressens, Beacon Property Management
Rishad Mitha, Housing Authority of the County of San Bernardino



**Monitoring Report
Contract # 80-RHC-004
Mentone Clusters**

The Housing Authority of the County of San Bernardino was awarded \$1,567,961 of RHCP funds in 1981 for development of affordable rental housing in Mentone, CA, consisting of thirty-four (34) assisted units. The Note Due Date is August 14, 2013.

Specific areas monitored and evaluated may include:

- 1. Physical:** The Borrower is responsible for all repair and maintenance functions of the Rental Housing Development, such as: the units, grounds and common areas and including ordinary maintenance and replacement of capital items.
- 2. Financial:** Several items in the fiscal category require regular periodic monitoring in order to ensure the fiscal integrity of the project. The Department may verify items such as: the appropriate amounts of funds are in any reserve account(s); the accounting system accurately and fully shows all assets, liabilities, income and expenses of the project; property taxes are current; insurance coverage is current and complies with Program requirements; and there is adequate project cash flow.
- 3. Management/Compliance:** The Management Contract and Management Plan must be current; budget reports must be accurate and received per schedule; annual reports and audits must be accurate and received per schedule and findings addressed; and the project must be responsive to deadlines/requests including payments due Department. Tenancy standards must be met, such as, the annual income for a household must be within the low and very-low income limits established by the Department; household incomes must be recertified annually; rents must be within the limits established; Affirmative Fair Housing laws must be met; and grievance and appeal procedures need to be followed.

Physical

- 1) Unit [REDACTED] GFI outlet needs to be installed in one bathroom.

Corrective Action

Mentone Clusters is required to install a GFI outlet in one bathroom and confirm completion of installation with the Department within 30 days of the date of this letter.

Financial

No Financial Concerns or Findings.

Management/Compliance

- 2) Appeal and Grievance Procedures are missing from all 5 tenant files inspected.
- 3) The current Management Contract was unavailable for review during the monitoring visit.
- 4) There is no Emergency Plan in place.
- 5) The project's 2008 Annual Report and Audit were received 4 months late, and the project's 2010 Operating Budget was received 2 months late.

Corrective Action

Mentone Clusters is required to furnish all tenants with a copy of the Appeal and Grievance Procedures, and place a copy in each tenant's individual file, within 30 days of the date of this letter. The project is also required to submit its Management Contract to the Department for review within 30 days. The project is instructed to create and implement an Emergency Plan, and submit a copy of the Emergency Plan to the Department for review within 30 days. The project is reminded to submit its required reports to the Department timely (Operating budgets are due 90 days prior to the start of each fiscal year, and Annual Reports/Audits are due 90 days after the end of each fiscal year).

Conclusion

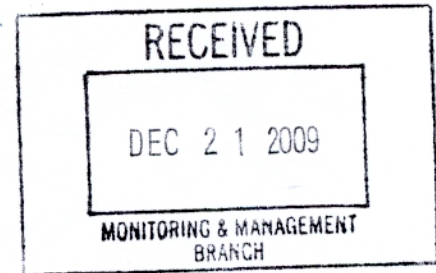
Mentone Clusters is a conscientious rental housing community that generally meets health and safety standards and other RHCP requirements. The staff of Mentone Clusters was cooperative and the property is generally attractive and well-maintained.



BEACON

PROPERTY MANAGEMENT

10300 Fourth Street, Suite 260
Rancho Cucamonga, CA 91730
Phone 909-941-9866 • Fax 909-941-8812



December 14, 2009

Michael Luchessi
Department of Housing and Community Development
Division of Financial Assistance
Asset Management & Compliance Section
1800 Third Street Ste. 390
P.O. Box 942054
Sacramento Ca 94252-2054

Re: Rental Housing Construction Program (RHCP)
Mentone Clusters
Contract #80-RHC-004

Dear Michael,

We are in receipt of the findings notice from the Tenant file review, property & unit inspection that took place October 29, 2009. We have made the necessary corrections and had the residents provide missing documentations.

Physical Inspection

1.) Unit [REDACTED]: GFI Outlet needs to be installed in one bathroom.

Response: Completed a work order for maintenance technician, the maintenance repair was forwarded to Kalna's Electric. Mike the vendor technician did a thorough evaluation and determined the GFI in the kitchen supplies the North side bathroom. Enclosed is the evaluation report from Kalna's Electric.

Management Compliance

2.) Appeal & Grievance Procedures are missing from all 5 tenant files inspected.

Response: Going forward Management staff will have each household sign and date the Appeal and Grievance Procedure at the time of Lease signing. We had the 5 households sign the Appeal & Grievance procedures, copies are attached for your review.

A notice was given to all households notifying them to come in to the management office to sign the Appeal & Grievance Procedure the original has been placed in the resident file and provided the resident with a copy.

3.) The Current Management Contract was not available for review during the monitoring:

Response: Enclosed is a copy of Beacon's Management Plan and Management Contract with HACSB that includes Mentone Clusters.

4.) There is no Emergency Plan in place.

Response: An Emergency Plan has been created and will be distributed to all the residents upon your approval. Please review and provide written approval so we can implement on-site.

5.) The project's 2008 Annual Report and Audit were received 4 months late, and the project's 2010 Operating Budget was received 2 months late.

Response: Beacon will ensure that you receive the budget by the required due date and I have discussed the annual report and audit with HACSB concerning there timely response.

Please review the enclosed documentation and feel free to let me know if you need any further information (909) 941-9866 Ext 127.

Sincerely,



Thomas Knight
Senior Regional Manager
Beacon Property Management

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE****Asset Management & Compliance Section**

1800 Third Street, Suite 390
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 322-1560
FAX (916) 324-3246



January 13, 2010

Thomas Knight
Beacon Property Management
10300 4th Street, Suite 260
Rancho Cucamonga, CA 91730

**RE: Deferred Payment Rehabilitation Loan Program (DPRLP)
Mentone Clusters
Contract # 80-RHC-004
Monitoring Clearance Letter**

Dear Mr. Knight:

We have received Mentone Clusters' follow-up responses to the Concerns that were identified in our November 10, 2009 Monitoring Report and have found them to be acceptable. As a result, we are issuing this clearance letter. We appreciate your efforts to clear these issues.

We have also reviewed and hereby approve the submitted Emergency Plan (in response to Concern # 4). Please distribute copies of the Emergency Plan to all current tenants, and to all new tenants upon move-in.

If you have any questions, please contact Michael Luchessi at (916) 327-8110 or email to mluchessi@hcd.ca.gov. Thank you for your cooperation.

Sincerely,



Doug Stebing
Program Manager

Cc: Janice Tressens, Beacon Property Management
Rishad Mitha, Housing Authority of the County of San Bernardino